

## **SUGGESTED QUESTIONS/ISSUES FOR DISCUSSION**

### **1. Client Issues**

If you have a new client who you believe is not giving you complete and accurate information to prepare a return and you have invested some time in the process of preparing a return, what do you do?

- Is it ever appropriate to "fire" a client?
- What should you do if your client's items look questionable?
- What should you do if your client's information doesn't match economic reality, e.g. they live in a mansion but repeatedly show low income?
- Are there certain categories of taxpayers that are more challenging than others and how do you handle them?

### **2. Due diligence issues**

- Should there be more checklists, like the one for Earned Income Tax Credit?
- If you default the income tax software to eliminate Form 8867 (EITC) do you capture the same information contained in the interview sheet that you use for the clients?
- How do you find time to do due diligence?
- Is it okay to do less due diligence with clients you have had for a long time?
- Is billable time a problem in doing due diligence?

### **3. How do you handle business versus personal use expenses?**

- How do you handle issues like office in home (must be exclusive use)?
- Businesses taking inventory out for personal use: example, carpenter using business lumber inventory to build a deck for his mother.
- People who don't keep good records for business use of a car. Do you deny them the deduction or have them reconstruct records or ....?
- Do you check personal as well as business checking accounts for sole proprietors/partnership for personal income?

### **4. When available, do you look at third party information?**

- For instance, for farmers, do you get the printouts from FSA to reconcile all farm income/loans/grain sales?
- Do you get IRS transcripts of income for non-filers (available electronically through Transcript Delivery System)?
- Do you compare last year's income sources with income from this year?

### **5. What is your responsibility, if any, in helping reduce underpayment of taxes?**

Do you encourage estimated tax payments?

- by giving the client four vouchers at the time of filing?
- by scheduling four estimates at the time of filing (new for 2007)?
- by signing the client up for EFTPS and scheduling four payments?
- by mailing, emailing, or phoning the client at appropriate times?

If you help your client with payroll, how do you make sure deposits are made?

How much should you have to "babysit" your clients in this regard?

- Becoming a reporting agent?
- Phone calls? Mail? E-mails?
- Checking transcripts?

**6. What is your responsibility in reporting other preparers for bad practice?**

- Does this seem like "tattling"?
- Is it your responsibility to protect potential consumers from a bad practitioner?
- Do you prepare amended returns to correct prior year returns prepared by others?
- What is your responsibility to your client if the client refuses to amend a return to make a needed correction?

**7. Since identity theft is a concern for all, what procedures do you have in place to prevent this?**

- What measures do you take to ensure W-2s are not fraudulent?
- When you hire a new employee, do you do any type of background check?
- What types of risks for identity theft are commonplace in a practitioner's office and how do you address these?